

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

HUMBOLDT WATER SYSTEMS INC.
PO BOX 10593
SEDONA, AZ 86339

W-02197A

RECEIVED
APR 19 2011
ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2010
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FOR COMMISSION USE

ANN 04	10
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4-19-11

4-19-11

COMPANY INFORMATION

Company Name (Business Name) HUMBOLDT WATER SYSTEMS, INC.		
Mailing Address PO BOX 10593		
(Street)		
SEDONA	AZ	86339
(City)	(State)	(Zip)
928-632-9730		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address BRADSHAWMANAGEMENT@GMAIL.COM		
Local Office Mailing Address PO BOX 369		
(Street)		
MAYER	AZ	86333
(City)	(State)	(Zip)
928-632-9730		
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address BRADSHAWMANAGEMENT@GMAIL.COM		

MANAGEMENT INFORMATION

<input type="checkbox"/> Regulatory Contact:			
<input checked="" type="checkbox"/> Management Contact: TIM KYLLO PRES/CEO			
(Name)		(Title)	
PO BOX 369	MAYER	AZ	86333
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address BRADSHAWMANAGEMENT@GMAIL.COM			
On Site Manager: SAME			
(Name)			
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address			

Statutory Agent: TIM KYLLO

(Name)

PO BOX 10593

(Street)

SEDONA

(City)

AZ

(State)

86339

(Zip)

928-632-9730

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: N/A

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|--|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|--|--|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	2,378	2,378	0
302	Franchises			
303	Land and Land Rights	6,650	N/A	
304	Structures and Improvements	10,041	4,179	5,862
307	Wells and Springs	19,897	19,897	0
311	Pumping Equipment	48,916	48,916	0
320	Water Treatment Equipment	2,087	2,087	0
330	Distribution Reservoirs and Standpipes	47,943	39,900	8,043
331	Transmission and Distribution Mains	129,937	105,299	24,638
333	Services	52,381	35,254	17,127
334	Meters and Meter Installations	39,059	32,099	6,960
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant (SOLAR GENERATOR)	79,092	3,954	75,138
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	438,381	293,963	137,768

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	2,378		
302	Franchises			
303	Land and Land Rights	6,650		
304	Structures and Improvements	10,041	3.33%	334
307	Wells and Springs	19,987	3.33%	
311	Pumping Equipment	48,916	12.5%	
320	Water Treatment Equipment	2,087	3.33%	
330	Distribution Reservoirs and Standpipes	47,943	2.22%	1,064
331	Transmission and Distribution Mains	129,937	2.0%	2,599
333	Services	52,381	3.33%	1,744
334	Meters and Meter Installations	39,059	8.33%	3,253
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant Solar Generator Plant	79,092	5.0%	3,954
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	438,381		12,948

This amount goes on the Comparative Statement of Income and Expense

Acct. No. 403.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 4,210	\$ 5,917
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 4,210	\$ 5,917
	FIXED ASSETS		
101	Utility Plant in Service	\$ 356,095	\$ 438,381
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(281,015)	(293,629)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 75,080	\$ 137,768
	TOTAL ASSETS	\$ 79,290	\$ 143,685

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	25,538	27,963
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 25,538	\$ 27,963
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 24,976	\$ 23,032
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	44,583	65,474
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	19,909	19,909
272	Less: Amortization of Contributions	(995)	(995)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 63,497	\$ 84,474
	TOTAL LIABILITIES	\$ 114,011	\$ 135,469
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 2,013	\$ 2,013
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	(12,815)	(10,299)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ (10,802)	\$ (8,216)
	TOTAL LIABILITIES AND CAPITAL	\$ 103,209	\$ 143,685

COMPANY NAME	HUMBOLDT WATER SYSTEMS, INC.
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COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 131,349	\$ 128,327
460	Unmetered Water Revenue		
474	Other Water Revenues	1,010	1,215
	TOTAL REVENUES	\$ 132,359	\$ 129,542
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	15,507	16,092
618	Chemicals	3,024	3,276
620	Repairs and Maintenance	19,387	4,350
621	Office Supplies and Expense		
630	Outside Services	87,269	64,110
635	Water Testing	3,641	3,093
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	1,200	1,265
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense	8,922	12,948
408	Taxes Other Than Income		
408.11	Property Taxes	4,483	5,194
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 143,433	\$ 110,328
	OPERATING INCOME/(LOSS)	\$ (11,074)	\$ 19,214
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(1,741)	(1,400)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (1,741)	\$ (1,400)
	NET INCOME/(LOSS)	\$ (7,427)	\$ 17,814

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	1/9/1999			
Source of Loan	WIFA			
ACC Decision No.	61529			
Reason for Loan	IMPROVEMENTS			
Dollar Amount Issued	\$ 39,500	\$	\$	\$
Amount Outstanding	\$ 23,032	\$	\$	\$
Date of Maturity	12/31/2019			
Interest Rate	5.81 %	%	%	%
Current Year Interest	\$ 1,400	\$	\$	\$
Current Year Principle	\$ 1,944	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 23,949
Meter Deposits Refunded During the Test Year	\$ 1,589

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Meter Deposit Balance at Test Year End	\$ 23,949
Meter Deposits Refunded During the Test Year	\$ 1,589

COMPANY NAME		HUMBOLDT WATER SYSTEMS INC	
Name of System:	HUMBOLDT WATER SYSTEM	ADEQ Public Water System Number:	13-052

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS			CUSTOMER METERS	
Size (in inches)	Material	Length (in feet)	Size (in inches)	Quantity
2	STEEL	10,000	5/8 X ¾	206
3			3/4	104
4	PVC	15,740	1	1
5	STEEL	3,500	1 1/2	
6			2	1
8			Comp. 3	
10			Turbo 3	
12			Comp. 4	
			Turbo 4	
			Comp. 6	
			Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

LIQUID CHLORINE INJECTOR

STRUCTURES:

FENCED LOT, STORAGE TANK, EQUIPMENT BLDG. AND 15KW SOLAR SYSTEM

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: HUBOLDT WATER SYSTEMS INC.	
Name of System: HUMBOLDT WATER SYSTEM	ADEQ Public Water System Number: 13-052

UTILITY SHUTOFFS / DISCONNECTS

MONTH		Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY			2	
FEBRUARY			4	
MARCH			5	
APRIL			7	
MAY			3	
JUNE			6	
JULY			1	
AUGUST			4	
SEPTEMBER			3	
OCTOBER			5	
NOVEMBER			3	
DECEMBER			2	
TOTALS →			45	

OTHER (description):

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 5,193

Attach to this annual report proof (e.g. property tax bills stamped “paid in full” or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why.

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

**I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME)	YAVAPAI
NAME (OWNER OR OFFICIAL) TITLE	TIM KYLLO / PRES
COMPANY NAME	HUMBOLDT WATER SYSTEMS, INC.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

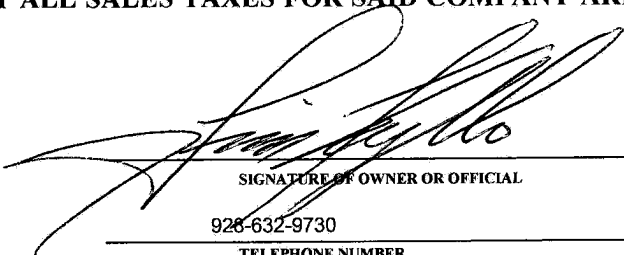
MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL
926-632-9730

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

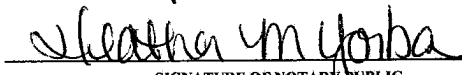
THIS

14th

DAY OF

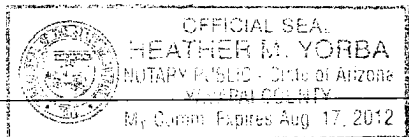
COUNTY NAME	Yavapai	
MONTH	April	2011

(SEAL)



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES Aug 17, 2012



INCOME TAXES

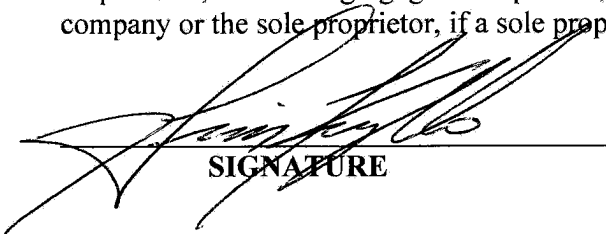
For this reporting period, provide the following:

Federal Taxable Income Reported	N/A S- CORP
Estimated or Actual Federal Tax Liability	
State Taxable Income Reported	
Estimated or Actual State Tax Liability	
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	
Amount of Gross-Up Tax Collected	
Total Grossed-Up Contributions/Advances	

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year’s annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

	<u>4-14-11</u>
SIGNATURE	DATE
TIM KYLLO	PRES/CEO
PRINTED NAME	TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
4/22/11
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	YAVAPAI
NAME (OWNER OR OFFICIAL) TITLE	TIM KYLLO / PRES
COMPANY NAME	HUMBOLDT WATER SYSTEMS, INC.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

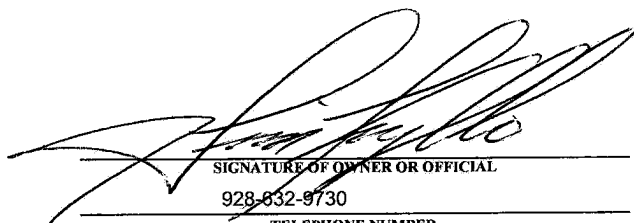
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 139,356.11

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 9,733.21
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


SIGNATURE OF OWNER OR OFFICIAL
928-632-9730
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

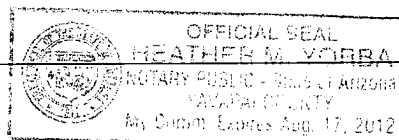
THIS 14th DAY OF

(SEAL)

MY COMMISSION EXPIRES Aug 17, 2012

COUNTY NAME	Yavapai
MONTH	April
YEAR	2011


SIGNATURE OF NOTARY PUBLIC



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
APR 11 2011
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) YAVAPAI	
NAME (OWNER OR OFFICIAL) TIM KYLLO	TITLE PRES/CEO
COMPANY NAME HUMBOLDT WATER SYSTEMS, INC.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

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SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

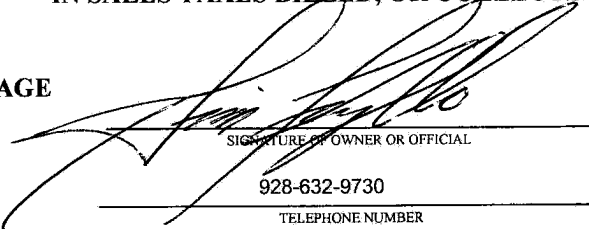
\$ 132,388.30

THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 9,246.55

IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**



SIGNATURE OF OWNER OR OFFICIAL
928-632-9730

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

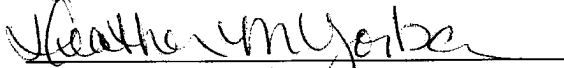
14

DAY OF

NOTARY PUBLIC NAME Heather M Yorba	
COUNTY NAME Yavapai	
MONTH April	2011

(SEAL)

MY COMMISSION EXPIRES



SIGNATURE OF NOTARY PUBLIC

